

Borough of Gettysburg December 31, 2016 Audit Presentation



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Borough of Gettysburg

December 31, 2016

Audit Presentation

- Please refer to reports for complete details:
 - Borough of Gettysburg Financial Report
 - Including Independent Auditor's Report
 - Management Letter
 - Communication with Those Charged with Governance



Borough of Gettysburg

December 31, 2016

Audit Presentation

•Summary

- Unmodified audit opinion - best you can receive
- General Fund had an increase in fund balance
- Capital projects fund had an increase in fund balance due to debt proceeds
- Capital reserve fund had an increase in fund balance
- No findings



Borough of Gettysburg

December 31, 2016

Audit Presentation

- Independent Auditor's Report:

- Unmodified opinion

- What does this Mean?

- The financial statements are fairly presented in all material respects

- What this isn't

- This is not an opinion on internal controls

- This is not an opinion on or results of a fraud investigation

- Management's Discussion and Analysis

- Unaudited information prepared by management

- Key Information: 2015 versus 2016 Comparisons



Statement of Net Position

(Summary excerpt from financial statements)

	December 31, 2014	December 31, 2015	December 31, 2016
Current assets	\$ 3,319,207	\$ 3,191,820	\$ 7,156,818
Noncurrent assets	10,985,629	10,780,864	11,116,507
Total Assets	14,304,836	13,972,684	18,273,325
Total deferred outflows of resources	-	575,492	632,906
Current liabilities	1,079,819	1,201,376	892,588
Noncurrent liabilities	3,295,180	3,311,112	7,684,323
Total liabilities	4,374,999	4,512,488	8,576,911
Total deferred inflows of resources	-	156,568	132,773
Total net position	\$ 9,929,837	\$ 9,879,120	\$ 10,196,547

Statement of Net Position

Fluctuations on the Statement of Net Position:

- Increase in Current Assets due to debt proceeds.
- Increase in Noncurrent Assets due to capital asset purchases exceeding depreciation charged
- Decrease in Current Liabilities mainly due to accounts payable and the timing of expenses incurred versus their respective payment mainly pertaining to East Middle Street and the ADA ramps in the prior year.
- Increase in Noncurrent Liabilities caused by the issuance of the 2016 GO Bond.

Statement of Activities

(Summary excerpt from financial statements)

	2015	2016	% Change
Charges for service	\$ 1,392,005	\$ 1,485,571	
Operating grants and contributions	745,697	655,833	
Capital grants and contributions	47,406	336,026	
Total program revenues	2,185,108	2,477,430	13.38%
General government	917,901	1,131,965	
Public safety	2,134,700	2,068,839	
Public works	1,768,595	1,810,968	
All other governmental activities	280,122	252,343	
Total expenses	5,101,318	5,264,115	3.19%
Property taxes	1,854,014	1,840,733	
Earned income taxes	477,839	551,719	
Disposal of assets	(121,562)	3,027	
All other general revenues	655,202	708,633	
Total general revenues and other	2,865,493	3,104,112	8.33%
Change in net position	\$ (50,717)	\$ 317,427	

Statement of Activities

- Grants and contributions fluctuations were due to the type of grants received during the year and the amount of activity incurred and charged to the grants. The Borough received a DCNR grant for the inner loop project during the year.
- General government expenses increased due to costs incurred for debt issuance.

General Fund Analysis

(Summary excerpt from financial statements)

	2015	2016		2016 Final Budget	Variance with Final Budget
REVENUES					
Taxes	\$ 2,809,941	\$ 2,991,217		\$ 2,841,391	\$ 149,826
Licenses and permits	109,167	114,205		97,850	16,355
Fines and forfeits	213,906	204,735		207,800	(3,065)
Interest earnings	1,546	1,333		1,500	(167)
Rents	-	-		15,000	(15,000)
Intergovernmental	400,444	428,939		399,000	29,939
Charges for services	1,057,257	1,153,517		936,300	217,217
Donations	7,800	56,852		6,000	50,852
Miscellaneous	1,426	32,121		176,656	(144,535)
Total revenues	\$ 4,601,487	\$ 4,982,919	8%	\$ 4,681,497	\$ 301,422

General Fund Analysis

(Summary excerpt from financial statements)

	2015	2016		2016 Final Budget	Variance with Final Budget
EXPENDITURES					
General government	\$ 787,252	\$ 902,665		\$ 903,065	\$ 400
Public safety	1,994,623	1,954,490		1,831,429	(123,061)
Health and welfare	1,000	1,000		1,500	500
Public works	1,305,355	1,330,777		1,315,666	(15,111)
Culture and recreation	88,271	78,407		91,464	13,057
Community development	31,000	30,000		30,500	500
Debt service	-	42,655		-	(42,655)
Total expenditures	4,207,501	4,339,994	3%	4,173,624	(166,370)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	414	-		-	-
Proceeds from sale of capital lease	-	157,525		-	157,525
Transfers in (out)	(698,569)	(518,172)		(507,873)	(10,299)
Total other financing sources (uses)	(698,155)	(360,647)		(507,873)	147,226
Net change in fund balances	\$ (304,169)	\$ 282,278		\$ -	\$ 282,278

Fund Balance

(Summary excerpt from financial statements)

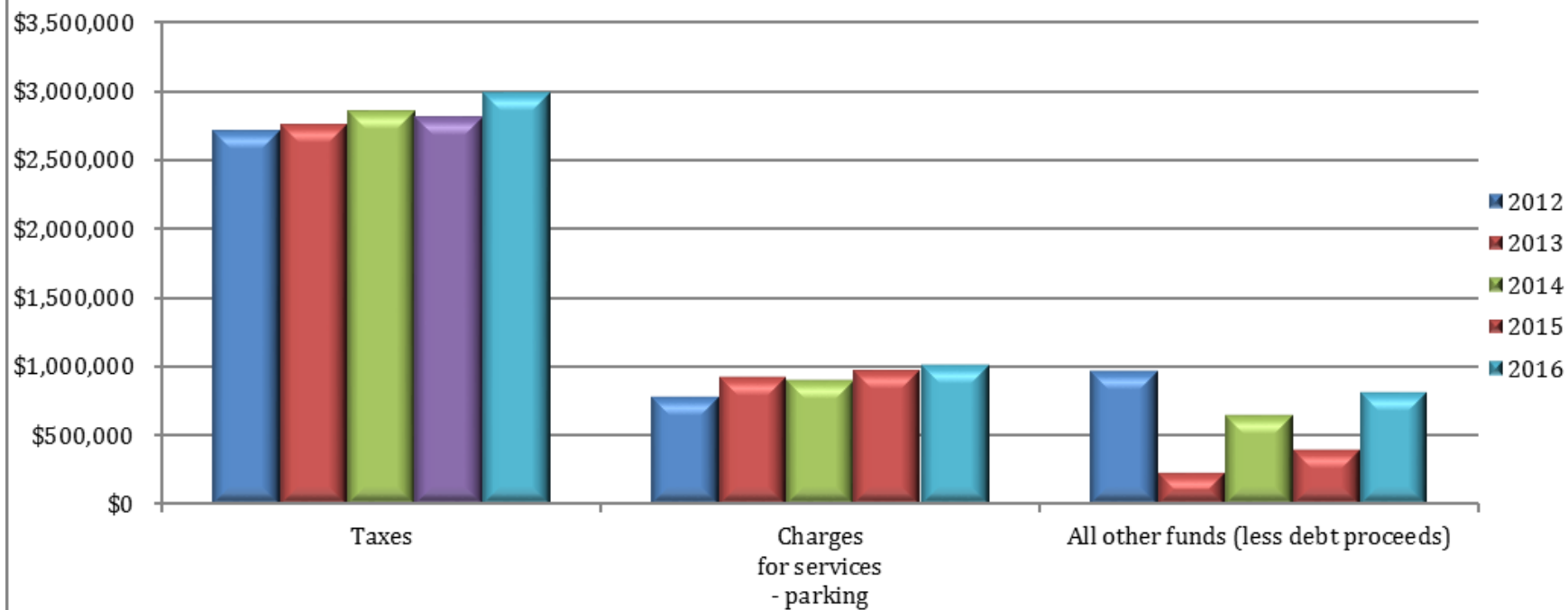
	General Fund	Percentage of Annual Expenditures	Capital Projects Fund	Capital Reserve Fund
Nonspendable (inventories and prepaid expenditures)	\$ 192,421	4.43%	\$ 273,437	\$ -
Restricted (by external parties)	12,729	0.29%	3,573,101	313,075
Assigned	8,500	0.20%	-	-
Unassigned	1,248,121	28.76%	-	-
Total fund balance	\$1,461,771		\$3,846,538	\$ 313,075

	2014	2015	2016
General Fund	\$1,483,662	\$1,179,493	\$1,461,771
Capital Projects Fund	\$ 570,455	\$ (111,004)	\$3,846,538
Capital Reserve Fund	\$ 274,606	\$ 308,248	\$ 313,075

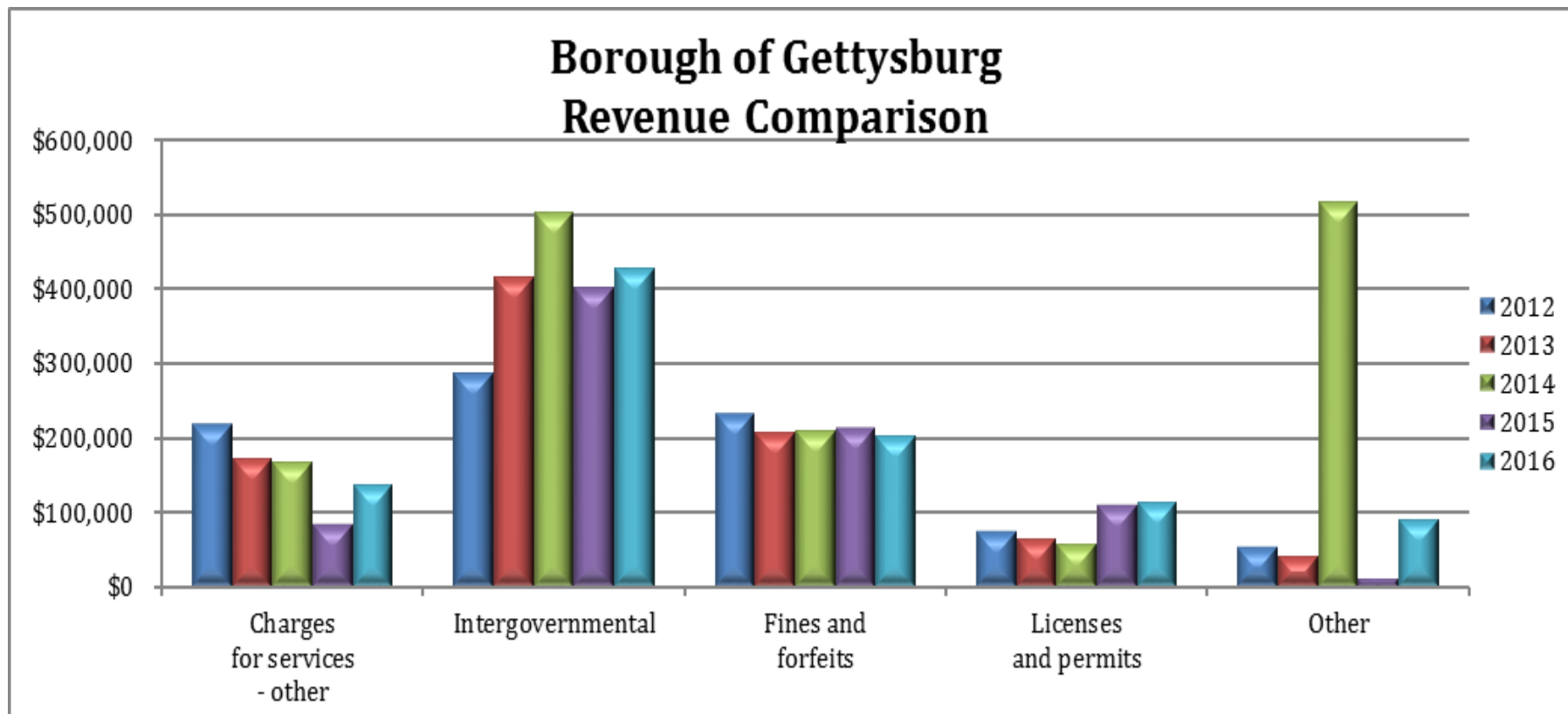


Revenue Trends

**Borough of Gettysburg
Revenue Comparison**

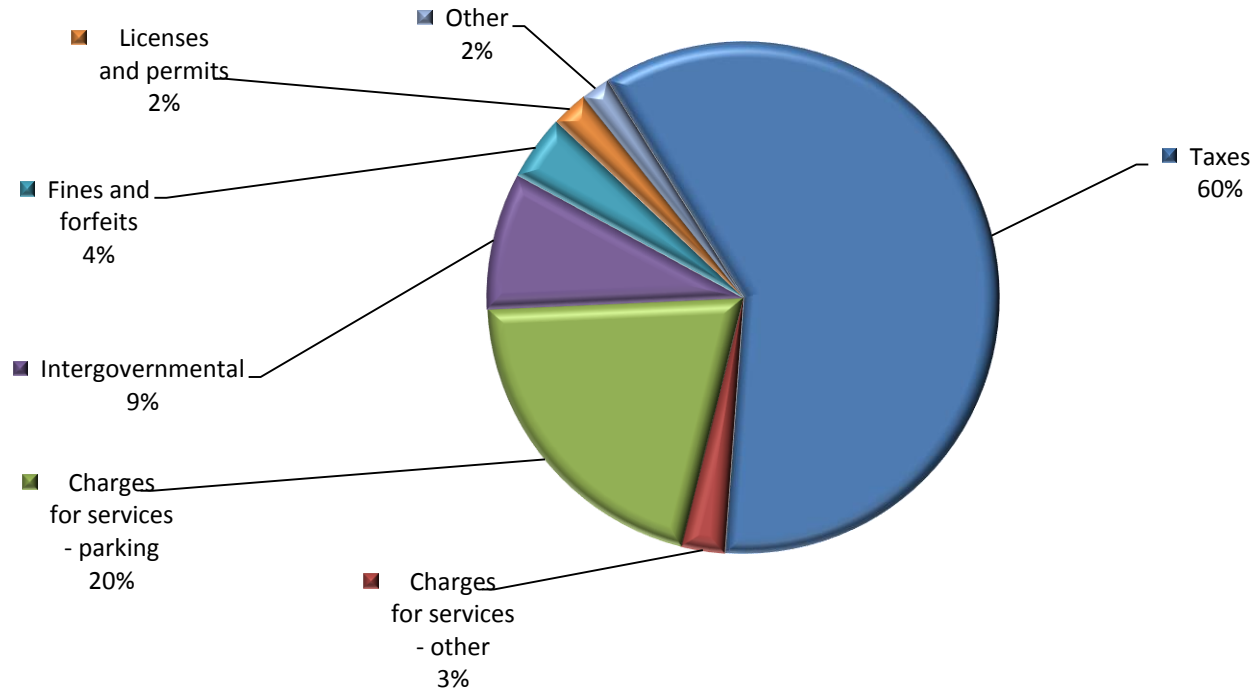


Revenue Trends

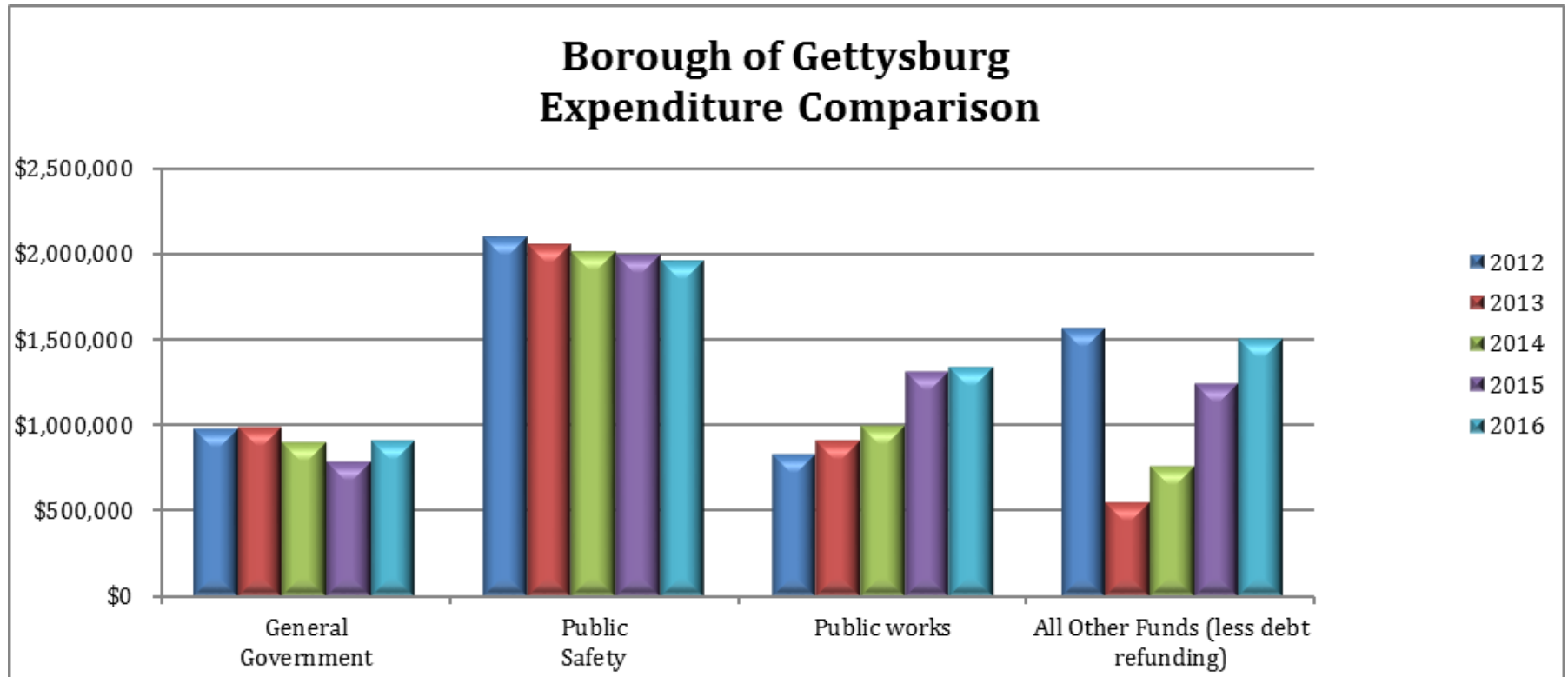


Revenue Comparison

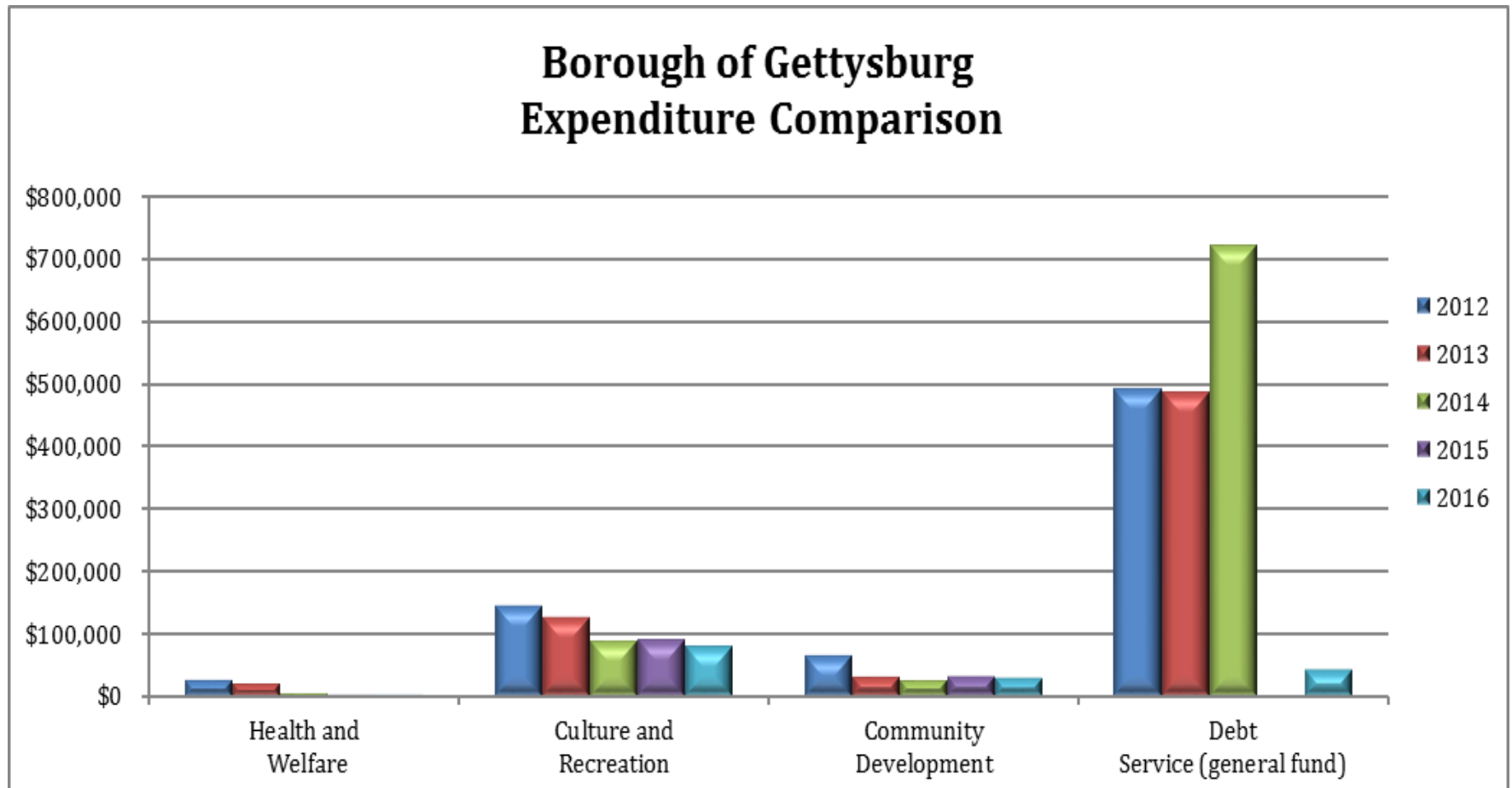
**Borough of Gettysburg
General Fund Revenue Allocation - 2016**



Expenditure Trends

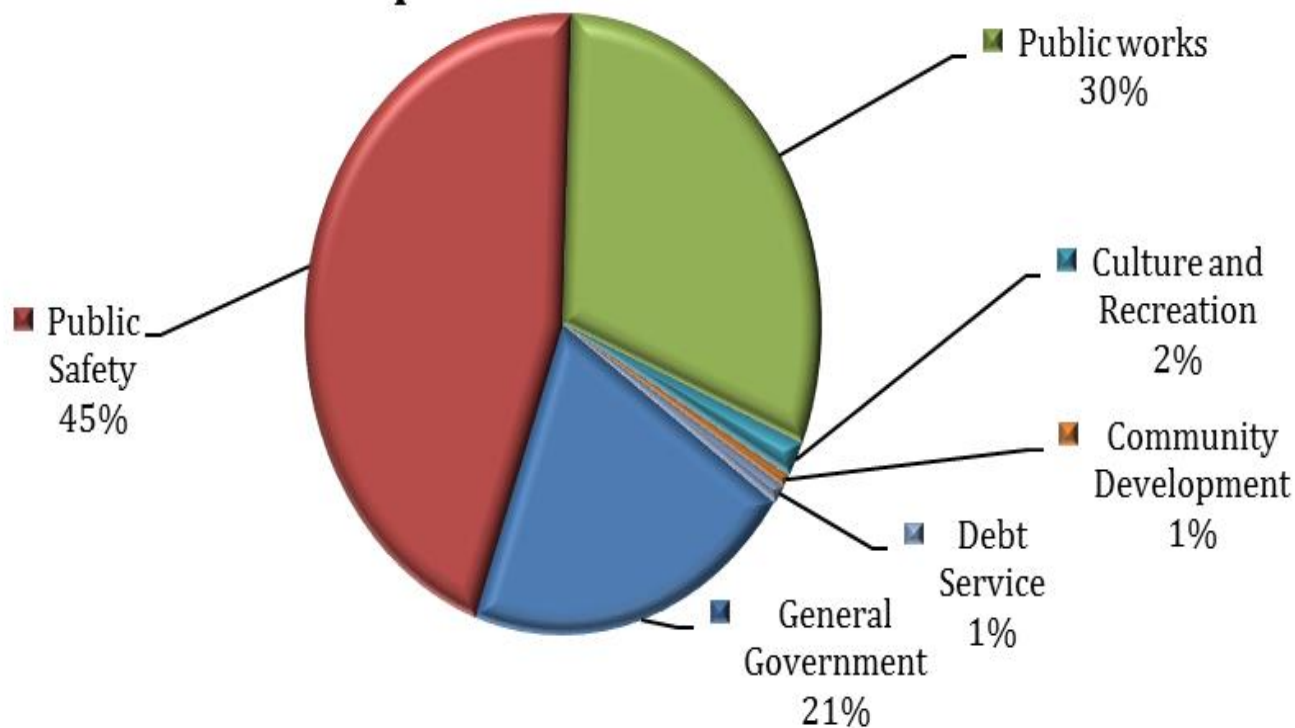


Expenditure Trends



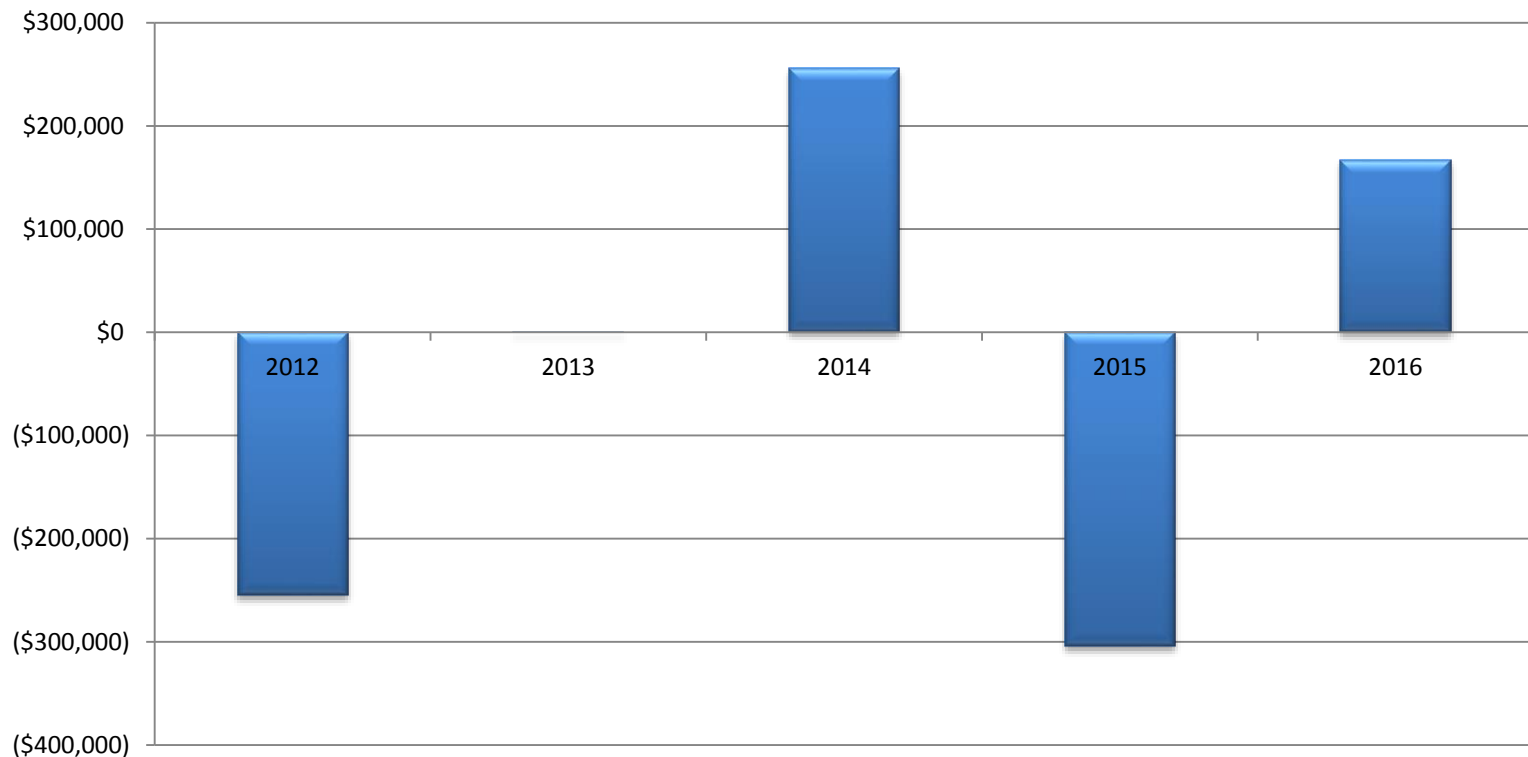
Expenditure Comparison

**Borough of Gettysburg
General Fund Expenditure Allocation - 2016**



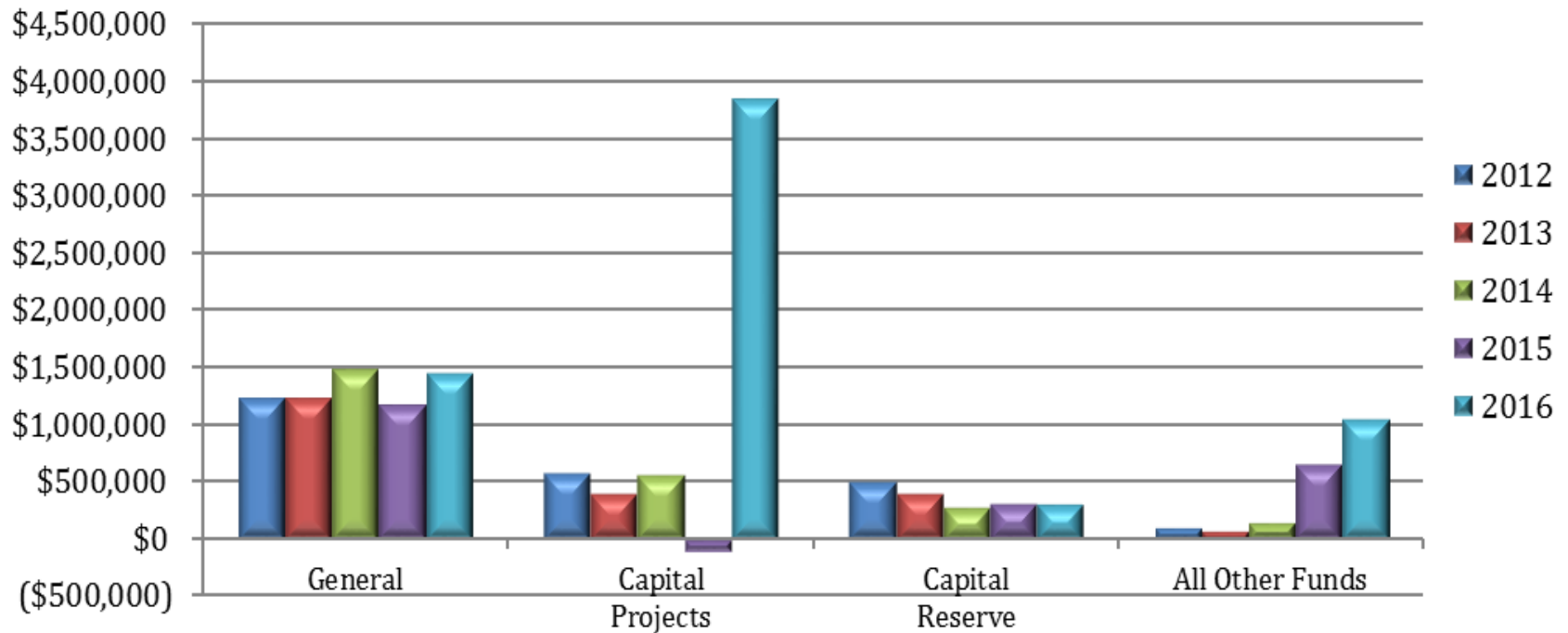
Net Change in General Fund Balance

Borough of Gettysburg
General Fund Overall Net Change in Fund Balance



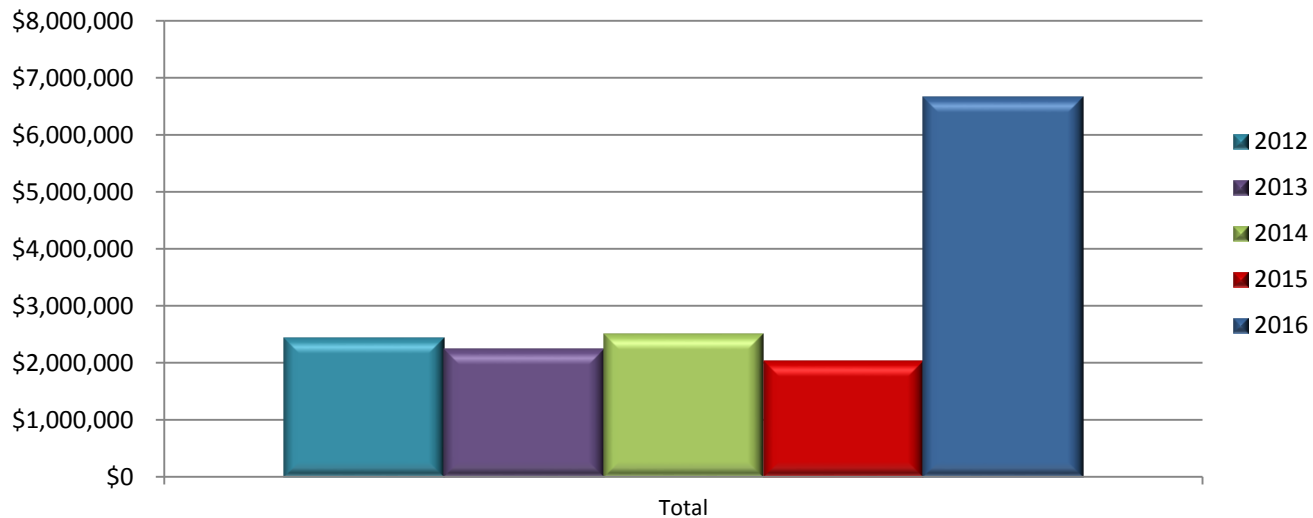
Fund Balance All Funds

**Borough of Gettysburg
Fund Balance (Equity) Comparison**



Fund Balance All Funds

Borough of Gettysburg
Fund Balance (Equity) Comparison as of December 31



Other Financial Statement Components

- Notes to Financial Statements
 - Note 1 – Summary of Significant Accounting Policies
 - Note 5 – Capital Assets
 - Current year additions - \$ 1,268,662
 - Current year deletions - \$ 356,580
 - Current year depreciation expense - \$ 670,848
 - Note 7 – Bonds and Notes Payable –
 - Total outstanding as of December 31, 2016 \$ 7,152,815
 - Increase from prior year is due to debt issuance
 - Provides details of debt service amounts through 2029
 - Total Principal Outstanding \$ 7,152,815
 - Total Interest to be Paid \$ 1,120,851



Other Financial Statement Components

- Notes to Financial Statements

- Note 9 – Pension Plans

- Additional testing was performed at Municipal Retirement Trust, to ensure the controls they have in place to allocate activity were operating effectively.

	Police		Non-Uniform	
	2015	2016	2015	2016
Total Pension Liability	\$ 4,716,885	\$ 4,924,798	\$ 3,071,072	\$ 3,245,730
Plan Fiduciary Net Position	4,718,246	4,749,737	2,738,623	2,867,127
Borough's Net Pension Liability	(1,361)	175,061	332,449	378,603
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.0%	96.4%	89.2%	88.3%

- Timing of audit completion is impacted due to waiting on Municipal Retirement Trust audit to be completed. Their audit is required to support the Borough's Asset Position in the plan.



Management Letter

- Purpose of Letter
 - Communication of findings and suggestions.
 - Summary of new standards that will affect the Borough
 - Graphical Analysis



Management Letter

- No findings were noted.
- Suggestions
 - Cybersecurity
 - Review current risk assessments
 - Uniform Grant Guidance
 - Review this document to ensure Borough is in compliance with new requirements effective now
 - Mainly with CDBG funds but applies to all federal awards
 - Review procurement requirements to ensure compliance
 - GASB 87 - Leases
 - Expected to be effective for the year ended December 31, 2020.
 - Will change the way leases are recorded and disclosed

Management Letter

- Suggestions (Continued)
 - GASB 84 – Fiduciary Activities
 - Provides criteria to identify fiduciary activity
 - Provides guidance on the accounting and financial reporting of fiduciary activity
 - SAS 133 – Auditor Involvement with Exempt Offerings
 - Auditors must perform certain additional procedures if certain criteria related to their involvement in the offering is met.



Communication with Those Charged with Governance

- Required communications related to the audit
 - Would report any significant audit findings, difficulties in completing the audit, or disagreements with management, but there were none for the Borough.
 - Includes a description of the most sensitive estimates and disclosures affecting the financial statements.
 - Attached to the letter are the adjustments made for the audit, some prepared by management as well as a list of known differences for which adjustments were not made. Also included are all cash to accrual entries made to arrive at the government wide statement balances



Borough of Gettysburg Audit Presentation

- Summary
 - Unmodified audit opinion
 - No findings were noted
 - Increase in fund balance for general fund in 2016

